deceuninck

Half Year Financial Report 2015

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1. Management Report

1.1. Key figures

Consolidated income statement (in € million)	**30 June 2014 Unaudited**	**30 June 2015 Unaudited**
Sales	264.2	312.1
EBITDA	15.2	27.2
EBITDA-margin (%)	5.7%	8.7%
REBITDA	15.2	28.7
REBITDA-margin (%)	5.7%	9.2%
EBIT	4.0	12.0
EBIT-margin (%)	1.5%	3.9%
EBT	0.5	7.5
EBT-margin (%)	0.2%	2.4%
Net profit	0.4	4.7
Net profit-margin (%)	0.1%	1.5%
Earnings per share (in euro)	0.00	0.04

Consolidated statement of financial position (in € million)	**31 December 2014 Audited**	**30 June 2015 Unaudited**
Non-current assets	254.7	253.5
Current assets	249.0	278.8
Equity	264.5	264.3
Long-term provisions	25.0	25.4
Deferred tax liabilities	5.8	6.1
Long-term interest-bearing loans	14.6	51.7
Current liabilities	193.8	184.9
Balance sheet total	503.7	532.3
Working capital	124.6	151.7
Capital expenditure (capex)	31.3	12.5
Net debt	71.0	92.1
Equity/Balance sheet total (%)	52.5%	49.6%
Net profit/Equity (%)	4.0%	1.8%
Gearing (%)	26.8%	34.8%

Headcount (Total Full Time Equivalents incl. temporary and external staff)	**31 December 2014 Audited**	**30 June 2015 Unaudited**
Total Full Time Equivalents (FTE)	3,434	3,600

1.2. Analysis of the results

Tom Debusschere, Deceuninck CEO:

"The clear improvement of our 1H2015 results confirms that Deceuninck is on track with its projects and its margins. Increasing positive signals from the market in Western Europe, continued good performance in the US and the normalising availability of PVC make us more optimistic than at the start of the year.

At comparable scope, volumes increased by 4.0% for the first half year. We were pleased by the volume growth in Belgium during the 2nd quarter and we expect sales in France to bottom out. Various incentives from the French government to revitalize building activity should have a positive impact in the second half of the year.

Our strategy of launching ground-breaking innovations to the market such as the slimline glass fibre reinforced iSlide#neo sliding door helps us win new customers and new projects in a highly competitive market. We are truly perceived as the innovators in our sector.

Growth continued at double digit rate in the US. Volumes in Turkey remained stable, while gaining market share.

Sales in Russia are substantially lower due to the ruble devaluation and the impact of the sanctions on consumer confidence and construction activity.

Meanwhile we accelerate the integration of Pimapen in Turkey. Production of the Pimapen window profiles will be consolidated in Kocaeli from early 2016. Preparation for the construction of the new Menemen site near Izmir is progressing well."

Sales breakdown per quarter and 1st half year

% of sales	1Q 2015	2Q 2015	1H 2015
Exchange rate	4.6%	3.9%	4.2%
Volume	3.1%	4.6%	4.0%
Mix (country, price, product)	0.9%	-2.3%	-0.9%
Scope change	9.4%	12.0%	10.9%
Total	**18.0%**	**18.2%**	**18.1%**

Markets and Sales

(in € million)	Var. 1Q 2014/2015	Var. 2Q 2014/2015	1H 2015	Var. 1H 2014/15	Var. 1H Loc. Curr.
Western Europe	1.0%	9.7%	101.6	5.5%	
Central & Eastern Europe	-4.6%	-9.1%	65.4	-7.2%	-1.7%
Turkey & Emerging Markets	58.6%	48.8%	92.4	53.0%	47.9%
North America	47.1%	39.5%	52.7	42.4%	15.3%
Total	**18.0%**	**18.2%**	**312.1**	**18.1%**	

Western Europe

1H 2015 sales in Western Europe increased 5.5% to € 101.6 million (1H 2014: € 96.3 million).

Sales increase in the 2Q was strong with a 9.7% increase to € 54.7 million. Double digit sales growth in UK, The Netherlands, Spain and Italy continued and even accelerated in most countries.

Belgium and France recorded again sales growth in 2Q, a reversal of the trend observed in the previous quarters. In France various residential building market indicators do not show any improvement yet, in spite of the numerous government incentives to revitalize the market.

The strategy in Western Europe of launching true innovations such as the glass fibre reinforced Zendow#neo premium window and the slimline iSlide#neo patio door result in gaining new customers and increasing market share in a highly competitive market.

The launching of a unique "slide and swing" patio door and a fully reversible window boosted sales in the UK.

Central & Eastern Europe (incl. Germany)

1H 2015 sales in Central & Eastern Europe decreased year-on-year by 7.2% to € 65.4 million (1H 2014: € 70.5 million - at constant exchange rates -1.7%).

The same trends from 1Q more or less continued. Double digit growth in Poland and in the cluster of Czech Republic, Slovak Republic and Hungary as a result of competitive wins and increased demand from key accounts.

Inoutic window sales on the domestic market in Germany were stable from the 2nd quarter onwards. The German window market continues to be impacted by increasing imports from Eastern European cheap labour countries. Further weakening consumer confidence fed by the economic sanctions and strong devaluation of the Russian ruble (-35% Y-o-Y) severely hit newbuild and renovation activity in Russia.

Turkey & Emerging Markets

Sales in Turkey & Emerging Markets increased by 53.0% to € 92.4 million (at constant exchange rates +47.9%). Sales include Pimapen sales in Turkey. Deceuninck owns 3 brands in the top segment of the worldwide second largest PVC window market: Egepen Deceuninck, Winsa and Pimapen. Organic domestic sales and exports to Northern Africa remained more or less stable. The outcome of the June parliamentary elections did not substantially change the trend.

A new corporate identity for the Pimapen brand, the most recognised brand for PVC windows in Turkey and a new Pimapen advertising campaign supported sales.

Turkey as Deceuninck's export hub for developing Emerging Markets continued to build up new markets in South America and India.

North America

Sales increased 42.4% to € 52.7 million. (At constant exchange rates +15.3%) Market indicators reflect a stable and growing U.S. economy with unemployment at the lowest point since 2008 (5.3%) while GDP for 1Q has been revised upward. NAHB/Wells Fargo Housing Market Index in July has risen to the highest level since November 2005. and remodelling activity has been consistent, but market growth has continued to be constrained by a shortage of experienced labour and credit availability. Deceuninck North America (DNA) has been accelerating its efforts to convert new and existing customers to its latest innovative products and materials while maintaining "Zero Back-orders" and expanding brand awareness. This resulted in higher than market sales growth.

1H 2015 results

Gross profit

Gross-margin increased to 29.1% (1H 2014: 27.4%). Raw material costs increased in Europe from March onwards. Force majeure declarations by raw material producers in Europe resulted in sharp price increases. Raw material prices increased in Turkey due to a weakening of the Turkish lira against the US dollar. Gross margin was favourably impacted by a changed regional mix and by the elimination of operational inefficiencies.

EBITDA

EBITDA increased to € 27.2 million or 8.7% of sales (1H 2014: € 15.2 million or 5.7% of sales) as a result of higher gross margin combined with stable OPEX margins.

REBITDA was € 28.7 million or 9.2% of sales (1H 2014: € 15.2 million).

Restructuring costs in Western Europe and Turkey amounted to € 1.5 million.

REBITDA was favourably impacted by a € 2.4 million gain on the sale of the Izmir site.

Productivity improvement projects are implemented worldwide and already resulted in the first half year in a positive contribution to EBITDA.

EBIT

Operating result (EBIT) was € 12.0 million (1H 2014: € 4.0 million) resulting in an EBIT-margin of 3.9% compared to 1.5% in 1H 2014.

Non cash costs amount to € 15.1 million against € 11.2 million in 1H 2014.

Financial result & Income taxes

Financial result was € -4.6 million (1H 2014: € -3.5 million). This is € 1.1 million higher mainly due to higher interest charges in Turkey as due to the changed scope with Pimapen and to increased cost for hedging the Russian ruble as a result of higher interest rates in Russian ruble.

In May 2015 Deceuninck extended its credit facilities with 3 years (until 2020) at improved conditions.

Income tax expense was € 2.7 million against € 0.1 million in 1H 2014 as a result of higher EBT (Earnings Before Taxes).

Net profit

The net profit 1H 2015 was € 4.7 million versus € 0.4 million in 1H 2014.

Working capital

Working capital increased from € 124.6 million on 31 December 2014 to € 151.7 million on 30 June 2015 (30 June 2014: € 113.3 million).
Inventories were € 15.1 million higher as compared to 30 June 2014 due to the Pimapen acquisition and to support growth in US and Turkey & Emerging Markets.
Trade receivables increased € 18.9 million as compared to 30 June 2014 due to higher sales volume. Days outstanding (DSO) decreased slightly year-on-year. The impact of the Pimapen customer base on trade receivables and DSO was offset by strict receivables management and expanding factoring to the UK customer base. Total factoring amounted to € 30.5 million at 30 June 2015.
Trade payables decreased year-on-year by € 4.5 million.
The operating working capital on 30 June 2015 was 22.0% of the Last Twelve Month (LTM) sales as compared to 17.5% on 30 June 2014.

Capital Expenditures

Capital expenditures (capex) in 1H 2015 were € 12.5 million against € 13.6 million at 30 June 2014.
Expansion capex (€ 4.1 million) was mainly spent on the new extrusion site Menemen in Turkey and investments in the US warehouse to meet growth and Zero Back orders target.
Deceuninck further started foiling activity and distribution in Croatia to better meet the customer requirements in Italy.
€ 5.4 million was spent on new tools and products. Maintenance capex was € 3.0 million.

Net financial debt

The net financial debt at 30 June 2015 amounted to € 92.1 million against € 71.0 million at 31 December 2014. The acquisition of Pimapen results in higher working capital needs. Net financial debt is traditionally higher at the end of June as compared to the end of December due to the seasonality of the business.

Equity

Equity slightly decreased by € 0.2 million to € 264.3 million from € 264.5 million at 31 December 2014. The net profit, unfavourable currency translation adjustments and the € 2.7million dividend payment combined had a minor impact on equity as compared to 31 December 2014.
The gearing was 34.8% at 30 June 2015 against 26.8 % at 31 December 2014.

Headcount

On 30 June 2014 Deceuninck employed worldwide 3,600 full time equivalents (FTEs) (including temporary workers and external staff) (30 June 2014: 2,959).

1.3. Outlook for 2015

"We remain cautious for the full year 2015. Building and renovation activity in Europe remains brittle, driven by a subdued economic environment The PVC supply in Europe has returned to normal, after the force majeures were lifted. However, at historic high price levels.
We are convinced that our continued actions to launch innovations, to improve productivity, to reduce structure costs, and our discipline to pass on increased material cost to the market will sustain our margins and will allow further growth of net profits."

1.4. Risks and uncertainties

With reference to the risks and uncertainties, management refers to the following sections of the Annual Report 2014:

- Internal control and risk management systems (pp. 51-56)
- Consolidated financial statements and notes: Note 25. Risk Management (pp. 123-127)

These risks remain valid for the first half of the financial year 2015.

2. Interim condensed consolidated financial statements

2.1. Consolidated income statement

For the six month period ended 30 June (in € thousand)	**Notes**	**2014 Unaudited**	**2015 Unaudited**
Sales	2	**264,221**	**312,114**
Cost of goods sold		-191,955	-221,426
Gross profit		**72,266**	**90,688**
Marketing, sales and distribution expenses		-46,664	-54,732
Research and development expenses		-3,292	-4,131
Administrative and general expenses		-18,750	-21,358
Other net operating result		482	1,582
Operating profit (EBIT)		**4,041**	**12,048**
Financial charges		-7,353	-16,200
Financial income		3,820	11,629
Profit before taxes (EBT)		**508**	**7,478**
Income taxes	4	-150	-2,745
Net profit		**358**	**4,732**

The net profit is attributable to:			
Shareholders of the parent company		295	4,748
Non-controlling interests		62	-16

Earnings per share distributable to the shareholders of the parent company (in €):			
Normal earnings per share		0.00	0.04
Diluted earnings per share		0.00	0.03

2.2. Consolidated statement of comprehensive income

For the six month period ended 30 June (in € thousand)	**2014 Unaudited**	**2015 Unaudited**
Net profit	**358**	**4,732**
Currency translation adjustments	-43	-3,069
Income (+) / loss (-) on cash flow hedges	-262	43
Income tax impact	72	-7
Net other comprehensive income potentially to be reclassified to profit or loss in subsequent periods	**-234**	**-3,033**
Actuarial gains (+) / losses (-) on defined benefit plans	27	324
Income tax impact	-5	-54
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**22**	**270**
Other comprehensive income (+) / loss (-) after tax impact	**-212**	**-2,763**
Total comprehensive income (+) / loss (-)	**145**	**1,969**

The total comprehensive income (+) / loss (-) is attributable as follows:		
Shareholders of the parent company	59	1,985
Non-controlling interests	87	-16

2.3. Consolidated statement of financial position

(in € thousand)	Notes	31 December 2014 Audited	30 June 2015 Unaudited
Assets			
Intangible fixed assets		5,922	5,924
Goodwill		10,871	10,755
Tangible fixed assets		215,649	213,670
Financial fixed assets		66	65
Deferred tax assets		21,080	21,887
Long-term receivables		1,068	1,188
Non-current assets		**254,657**	**253,490**
Inventories		93,417	109,576
Trade receivables		115,826	124,571
Other receivables		8,677	13,979
Cash and cash equivalents	5	29,046	28,735
Fixed assets held for sale		2,060	1,961
Current assets		**249,026**	**278,823**
Total assets		**503,684**	**532,313**
Equity and liabilities			
Issued capital		52,912	52,978
Share premiums		85,927	86,073
Consolidated reserves		169,423	171,762
Cash flow hedge reserve		-91	-55
Actuarial gains / losses		-3,864	-3,594
Treasury shares		-261	-261
Currency translation adjustments		-44,316	-47,385
Equity excluding non-controlling interest		**259,731**	**259,520**
Non-controlling interest		4,758	4,743
Equity including non-controlling interest		**264,489**	**264,262**
Interest-bearing loans		14,635	51,709
Long-term provisions		24,962	25,391
Deferred tax liabilities		5,771	6,060
Non-current liabilities		**45,368**	**83,161**
Interest-bearing loans		85,396	69,097
Trade payables		84,670	82,425
Tax liabilities		6,224	10,936
Employee related liabilities		9,702	14,066
Short-term provisions		777	777
Other liabilities		7,058	7,591
Current liabilities		**193,826**	**184,891**
Total equity and liabilities		**503,684**	**532,313**

2.4. Consolidated statement of changes in equity

(in € thousand)	Issued capital	Share premiums	Consolidated reserves	Cash flow hedge reserve	Actuarial gains/losses	Treasury shares	Currency translation adjustments	Total equity attributable to share-holders of the parent company	Non-controlling interest	Total
As per 31 December 2013	**42,495**	**46,355**	**160,407**	**63**	**-1,885**	**-261**	**-44,264**	**202,911**	**1,413**	**204,324**
Net income (loss) for the current period			295					295	62	**357**
Other comprehensive income (+) / loss (-)				-191	22		-68	-236	24	**-212**
Total comprehensive income (+) / loss (-)	**0**	**0**	**295**	**-191**	**22**	**0**	**-68**	**59**	**87**	**145**
Capital increase: stock optoin plan	27	72						99		99
Share based payments			210					210	0	**210**
Dividend paid			-2,151					-2,151		**-2,151**
As per 30 June 2014 (Unaudited)	**42,522**	**46,427**	**158,761**	**-128**	**-1,863**	**-261**	**-44,332**	**201,128**	**1,499**	**202,628**

(in € thousand)	Issued capital	Share premi-ums	Consolidated reserves	Cash flow hedge reserve	Actuarial gains/losses	Treasury shares	Currency translation adjustments	Total equity attributable to share-holders of the parent company	Non-control-ling interest	Total
As per 31 December 2014 (Audited)	**52,912**	**85,927**	**169,423**	**-91**	**-3,864**	**-261**	**-44,316**	**259,731**	**4,758**	**264,489**
Net income (loss) for the current period			4,748					4,748	-16	**4,732**
Other comprehensive income (+) / loss (-)				36	270		-3,069	-2,763		**-2,763**
Total comprehensive income (+) / loss (-)	**0**	**0**	**4,748**	**36**	**270**	**0**	**-3,069**	**1,985**	**-16**	**1,969**
Capital increase	66	147						213		**213**
Share based payments			270					270		**270**
Non-controlling interest due to business conbinations								0		**0**
Dividend paid			-2,679					-2,679		**-2,679**
As per 30 June 2015 (Unaudited)	**52,978**	**86,073**	**171,762**	**-55**	**-3,594**	**-261**	**-47,385**	**259,520**	**4,743**	**264,262**

2.5. Consolidated statement of cash flows

For the six month period ended 30 June (in € thousand)	**Notes**	**2014 Unaudited**	**2015 Unaudited**
Operating activities			
Net profit		358	4,732
Depreciations of (in)tangible fixed assets		10,749	12,756
Impairments on (in)tangible fixed assets		370	590
Provisions for pensions and other risks & charges		-539	687
Impairments on current assets		570	1,093
Net financial charges		3,533	4,571
Profit on sale of tangible fixed assets		-34	-1,610
Loss on sale of tangible fixed assets		88	147
Income taxes	4	150	2,745
Share-based payment transactions settled in equity		210	270
Cash flow from operating activities before movements in working capital and provisions		**15,455**	**25,982**
Decrease / (increase) in trade and other receivables		-15,228	-17,026
Decrease / (increase) in inventories		-17,497	-15,270
Increase / (decrease) in trade payables		22,712	-140
Decrease / (increase) in other non-current assets		-79	-89
Decrease / (increase) in other current assets		-771	-8,269
Increase / (decrease) in other non-current liabilities		0	7
Increase / (decrease) in other current liabilities		3,047	8,355
Cash flow generated from operating activities		**7,638**	**-6,450**
Interest received		644	584
Income taxes paid (-) / received (+)		-114	-447
Cash flow from operating activities		**8,168**	**-6,313**
Investing activities			
Cash receipts on sale of tangible fixed assets		208	5,510
Purchases of tangible fixed assets		-13,636	-11,874
Purchases of intangible fixed assets		-13	-647
Other transactions		301	1
Cash flow from investing activities		**-13,140**	**-7,011**

Financing activities			
Capital increase		99	213
New (+) / repayments (-) of long-term debts		-5,030	11,272
New (+) / repayments (-) of short-term debts		15,147	11,363
Interests paid		-2,175	-4,471
Dividends paid		-2,150	-2,679
Other financial items		-1,104	-2,735
Cash flow from financing activities		**4,787**	**12,963**
Net increase (+) / decrease (-) in cash and cash equivalents		**-185**	**-360**
Cash and cash equivalents as per beginning of period	5	**21,715**	**29,046**
Impact of exchange rate fluctations		-26	49
Cash and cash equivalents as per end of period	5	**21,503**	**28,735**

2.6. Notes to the interim condensed consolidated financial statements

1. Basis of presentation

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed interim financial report is in compliance with IAS 34, Interim Financial Reporting.

The interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as in the 31 December 2014 annual financial statements, except for the new standards and interpretations which have been adopted as of January 2015 (see "New amended IFRS standards and IFRIC interpretations" below) and which had no significant impact on the interim condensed consolidated financial statements.

Note that sum of numbers in tables in these financial statements may not add up due to rounding to € thousand.

New amended IFRS standards and IFRIC interpretations, effective for financial years starting on 1 January 2015

- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions, effective 1 February 2015
- Annual Improvements to IFRSs - 2010-2012 Cycle (Issued December 2013), effective 1 February 2015
- Annual Improvements to IFRSs - 2011-2013 Cycle (Issued December 2013), effective 1 January 2015

2. Segment information

An operating segment is a separate business unit in the Group, which produces goods or provides specific services within a defined economic environment, whose risks and profitability differ from those of the other operating segments.

Four segments have been defined based on the location of legal entities. They include the following entities:
1. Western Europe: Benelux, France, Italy, Spain and the United Kingdom;
2. Central & Eastern Europe: Bosnia, Bulgaria, Croatia, Czech Republic, Germany, Lithuania, Poland, Romania, Russia, Serbia and Thailand;
3. North America;
4. Turkey & Emerging Markets: Australia, Chile, India and Turkey.

There are no segments aggregated in order to establish the above segments.

Transfer prices between the operational segments are based on an "at arm's length basis" equal to transactions with third parties.

The accounting policies for the operational segments are equal to these of the consolidated financial statements.

The Group identified the Executive Team as its Chief Operating Decision Maker. The segments have been defined based on the information provided to the Executive Team.

The Executive Team monitors the performance of its operational segments based on sales and EBITDA per segment.

Segment information includes results, assets and liabilities that can be attributed directly to a segment.

For the six month period ended 30 June (in € thousand)	Western Europe		Central & Eastern Europe		North America		Turkey & Emerging Markets		Consolidated	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
External sales	84,633	88,155	82,642	78,474	36,823	52,144	60,123	93,341	**264,221**	**312,114**
Intersegment sales	8,046	9,918	1,838	3,131	34	408	1,603	2,625	**0**	**0**
Total sales	92,679	98,074	84,480	81,605	36,857	52,552	61,726	95,966	**264,221**	**312,114**
EBITDA	5,471	11,554	170	1,654	2,806	5,098	6,744	11,621	**15,191**	**27,175**
Financial result	-	-	-	-	-	-	-	-	**-3,533**	**-4,571**
Income taxes	-	-	-	-	-	-	-	-	**-150**	**-2,745**
Depreciation (in)tangible fixed assets	-4,274	-4,640	-3,610	-3,540	-1,397	-2,193	-1,469	-2,592	**-10,749**	**-12,756**
Impairments of (in)tangible fixed assets	-279	-475	-91	-2	0	-1	0	-113	**-370**	**-590**
Other non-cash costs	-22	75	-90	69	500	388	-420	-2,663	**-31**	**-1,780**

(in € thousand)	Western Europe		Central & Eastern Europe		North America		Turkey & Emerging Markets		Consolidated	
	31 Dec 2014	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014	30 June 2015	31 Dec 2014	30 June 2015
Assets	181,091	216,188	109,987	118,838	61,975	73,792	168,158	166,491	**503,684**	**532,313**
Liabilities	50,432	45,031	20,977	28,525	18,366	19,471	38,323	43,933	**503,684**	**532,313**
Capital expenditures (Capex)	8,206	4,427	5,080	1,689	8,467	4,214	9,580	2,794	**31,332**	**12,521**

Reconciliation of total segment assets and total Group assets:

(in € thousand)	31 Dec 2014	Consolidated 30 June 2015
Total segment assets	**521,211**	**575,309**
Cash and cash equivalents	29,046	28,735
Intersegment eliminations	-46,574	-88,225
Total Group assets	**503,684**	**532,313**

Reconciliation of total segment liabilities and total Group liabilities:

(in € thousand)	31 Dec 2014	Consolidated 30 June 2015
Total segment liabilities	**128,099**	**136,960**
Equity including non-controlling interest	264,489	264,261
Long-term interest-bearing loans	14,635	51,709
Long-term provisions	24,962	25,391
Deferred tax liabilities	5,771	6,060
Short-term interest-bearing loans	85,396	69,097
Intersegment eliminations	-19,668	-21,665
Total Group liabilities	**503,684**	**532,313**

3. Seasonality of operations

Due to the seasonal nature of the construction industry, the demand is higher during the spring and summer period.

4. Income taxes

The major components of income tax expense in the interim consolidated income statement are:

For the six month period ended 30 June (in € thousand)	2014 Unaudited	2015 Unaudited
Current income tax expense	-1,222	-2,944
Deferred taxes	1,072	199
Income tax reported in the income statement	**-150**	**-2,745**
Income tax recognized in other comprehensive income	66	-61
Income tax recognized in other comprehensive income	**66**	**-61**
Total	**-84**	**-2,806**

Sales by product group is presented in the table below (in %):

For the six month period ended 30 June (in € thousand)	Western Europe		Central & Eastern Europe		North America		Turkey & Emerging Markets		Consolidated	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Window and door systems	72.4%	76.8%	89.2%	86.2%	84.1%	83.8%	99.0%	96.1%	**85.3%**	**86.1%**
Building products	27.6%	23.2%	10.8%	13.8%	15.9%	16.2%	1.0%	3.9%	**14.7%**	**13.9%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

There is no significant concentration of sales (>10%) with one or a limited number of Customers.

5. Cash and cash equivalents

(in € thousand)	31 December 2014 Audited	30 June 2015 Unaudited
Cash and current bank accounts	14,298	16,260
Short term deposits	14,749	12,475
Total	**29,046**	**28,735**

6. Other financial assets and financial liabilities

The Group uses the following hierarchical classification in determining and explaining the fair value of financial instruments by valuation technique.

- Level 1: quoted (not adjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use input with a significant impact on the recorded fair value that is not based on observable market data.

During the reporting period ending 30 June 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As of 31 December 2014 the Group has the following financial instruments:

(in € thousand)	31 December 2014 Audited	Level 1	Level 2	Level 3
FX forward contracts	30		30	
Assets at fair value	**30**	**0**	**30**	**0**
Interest rate swaps	241		241	
FX forward contracts	814		814	
Liabilities at fair value	**1,055**	**0**	**1,055**	**0**

As of 30 June 2015 the Group has the following financial instruments:

(in € thousand)	30 June 2015 Unaudited	Level 1	Level 2	Level 3
FX forward contracts	1,059		1,059	
Assets at fair value	**1,059**	**0**	**1,059**	**0**
Interest rate swaps	225		225	
FX forward contracts	130		130	
Liabilities at fair value	**355**	**0**	**355**	**0**

7. Related parties

During 2015, the Group made purchases valued at € 30 thousand (€ 65 thousand as per 30 June 2014), under normal market conditions, from companies of which directors of the company held a majority of the shares. These transactions involved purchases relating to dies and equipment, maintenance and machinery, other services and the use of meeting rooms.

8. Events after the reporting period

There are no significant subsequent events after 30 June.

3. Statement of the Board of Directors

Declaration regarding the information given in this interim financial report for the 6 month period ending 30 June 2015.

The undersigned declare that:

- the interim condensed consolidated financial statements have been prepared in conformity with the standards applicable for annual accounts, and that they give a true picture of the net assets, the financial position and of the results of the issuer and the consolidated companies.
- the half year financial report gives a fair overview of the developments and results of the issuer and the consolidated companies, also providing a fair description of the most important risks and uncertainties with which they are confronted.

Board of Directors
Deceuninck NV

4. Report of the statutory auditor

Report of the statutory auditor to the shareholders of Deceuninck NV on the review of the interim condensed consolidated financial statements as of 30 June 2015 and for the 6 month period then ended.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Deceuninck NV (the "Company"), and its subsidiaries (collectively referred to as "the Group") as at 30 June 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6 month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated statement of financial position total of € 532.313 thousand and a consolidated net profit for the 6 month period then ended of € 4.732 thousand. The Board of Directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements do not give a true and fair view of the financial position of the Group as at 30 June 2015, and of its financial performance and its cash flows for the six month period then ended in accordance with IAS 34.

Ghent, 22 July 2015

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
represented by

Marnix Van Dooren
Partner*

* Acting on behalf of a BVBA/SPRL

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